

**State Employees**

# **INCOME CONTINUATION INSURANCE**

**To Protect Your Income During  
Short or Long Periods of Disability**



**Department of Employee Trust Funds  
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# **Wisconsin Department of Employee Trust Funds**

## **Income Continuation Insurance**

### **Program Features For State Employees**

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#### **Benefits Payable**

- 75% of gross basic salary
- For physical or mental disabilities
- On your regularly scheduled payday during the first year of disability
- First of the month following the benefit month after the first year of disability
- For length of disability (benefits normally cease at age 65)
- After a minimum of a 30 calendar day elimination period (sick leave credits may delay the date benefits begin) after date disability begins

#### **Coverage**

- May be continued during authorized leave of absence and layoffs
- May include rehabilitative training
- Noncancelable except by employee

#### **Premium**

- Based upon basic salary and accumulated sick leave for most employees
- Based upon basic salary and selected optional elimination period for University of Wisconsin Faculty
- Up to 100% paid by the State
- Premium plateaus based on accumulated sick leave

# INTRODUCTION

The Income Continuation Insurance (ICI) plan is authorized by Wisconsin Statute § 40.62, and is administered according to the provisions of a contract between the Group Insurance Board and the third party claims administrator. The plan is available to all State employees who have completed six months of service under the Wisconsin Retirement System. If you enroll, the plan will provide 75% of your gross basic earnings, excluding overtime and shift differential, in the event you become disabled. The plan provides replacement income for disabilities which are considered short term in nature as well as those which may last for extended periods. Depending on your age at the time disability begins, the plan may continue disability payments until age 70. Benefits normally end at age 65. For disabilities that last over one year, a supplement of \$75.00 per month is added to the normal benefit amount. This is a one time supplement. No further increases will apply.

Benefits under the plan will not duplicate benefits available from State, Federal or employer sponsored programs such as WRS Retirement (regular or disability retirement and lump sum payments), Long-Term Disability Insurance (LTDI), Social Security, Worker's Compensation, Unemployment Compensation, Federal programs, etc. While the ultimate amount available under the ICI plan is a fixed 75% of what your basic salary was at the time disability began, the sources which constitute the payment may vary according to your eligibility for benefits from other programs. **You will be required to repay duplicate benefits back to the ICI plan.**

The ICI plan is self-insured and is financed by employer and employee premium contributions. Collected premiums are deposited in an employee trust fund rather than paid to an insurance company. A third party claims administrator is retained to perform the administrative services required to process, pay and manage benefits.

The gross premium for the insurance is computed as a percentage of WRS covered earnings. For most State employees the State will contribute a portion or pay the total premium for those employees who accumulate sufficient sick leave. Because the percentage of premium contributed by the State increases according to the amount of sick leave accumulated, prudent use of sick leave generally will mean lower premiums for employees. University of Wisconsin Faculty who have one year of state creditable service receive 100% State paid premium contribution based on a 180 calendar day elimination period. If faculty employees desire a shorter elimination period, they are required to pay the necessary additional premium. The percentage of premium paid by the employer as a fringe benefit determines what percentage of benefits received is taxable.

# PREMIUM RATES—EXCEPT UNIVERSITY FACULTY EMPLOYEE CONTRIBUTIONS

*As you accumulate sick leave, the State begins to pay a higher percentage of the premium for you.*

## PERMANENT PLATEAUS

Any insured employee who accumulates at least 520 hours of sick leave by the end of any calendar year is said to have reached a “permanent plateau” level. This means that once an employee has reached this level, future premiums will be determined using that category, even though later use of sick leave may cause the total to drop below that plateau. Of course, continued accumulation of sick leave may move the employee to a higher premium category and premium rates would be based on the higher category.

Plateaus: 520 hours	—Premium Category 4
728 hours	—Premium Category 5
more than 1,040 hours	—Premium Category 6

*It is fairly simple to determine your monthly premium.*

1. Determine the appropriate premium category (1, 2, 3, 4, 5 or 6 – higher category indicates lower premium) based on your accumulated sick leave hours credited as of the last complete payroll period in the previous calendar year.
2. Find the monthly premium in the corresponding column opposite your monthly salary range. The monthly salary range is:
  - *Salary in effect at the time you become insured, or*
  - *Projected annual salary rounded to the next higher thousand and divided by 12 (for new seasonal, project, limited term or academic year employees who are employed less than 12 calendar months per year).*
  - *Annual premium adjustment effective every February 1:  
Based upon last complete payroll period in the previous calendar year.*

**Or**

*For seasonal or academic year employees with appointments of less than 12 calendar months, or for project or limited term employees the annual salary rounded to the next higher thousand and divided by 12 (salary based on earnings as reported to the Wisconsin Retirement System for the previous calendar year).*

- *When there is a change in the employee’s percentage of appointment (e.g. change from half time to full time employment), a new earnings base will be applicable either via a projection of earnings for seasonal, project, limited term or academic year employees or, for 12 month employees, the earnings in effect at the time.*

*Example :*

*Sick leave .....610 hours (Category 4)*  
*Salary .....\$2350.00 per month*  
*Premium.....\$1.74 per month*

# MONTHLY PREMIUM RATES EMPLOYEE CONTRIBUTIONS (Except University Faculty)

		PREMIUM CATEGORIES Determined by hours of accumulated sick leave					
Category →		1	2	3*	4	5	6
Minimum Sick Leave Hours.→	BIWEEKLY SALARY	0 (less than 23 days)	184 (23-64 days)	80* (see footnote)	520 (65-90 days)	728 (91-130 days)	1040 (More than 130 days)
MONTHLY SALARY RANGE							
Up to \$500.99	Up to \$230.33	\$3.81	\$2.82	\$0.63	\$0.34	\$0.15	0
501 - 600.99	230.34 - 276.31	4.61	3.42	0.83	0.44	0.25	
601 - 700.99	276.32 - 322.29	5.51	4.12	0.93	0.44	0.25	↑
701 - 800.99	322.30 - 368.27	6.31	4.72	1.13	0.54	0.35	
801 - 900.99	368.28 - 414.24	7.11	5.32	1.23	0.64	0.35	
901 - 1,000.99	414.25 - 460.22	8.01	5.92	1.43	0.74	0.35	
1,001 - 1,100.99	460.23 - 506.20	8.71	6.62	1.53	0.74	0.45	State
1,101 - 1,200.99	506.21 - 552.17	9.61	7.22	1.73	0.84	0.45	Pays
1,201 - 1,300.99	552.18 - 598.15	10.41	7.82	1.83	0.94	0.55	Entire
1,301 - 1,400.99	598.16 - 644.13	11.31	8.52	2.03	1.04	0.55	Premium
1,401 - 1,500.99	644.14 - 690.10	12.11	9.12	2.13	1.04	0.55	
1,501 - 1,600.99	690.11 - 736.08	12.91	9.72	2.33	1.14	0.65	↓
1,601 - 1,700.99	736.09 - 782.06	13.81	10.42	2.43	1.24	0.65	
1,701 - 1,800.99	782.07 - 828.04	14.61	11.02	2.63	1.34	0.75	
1,801 - 1,900.99	828.05 - 874.01	15.51	11.62	2.73	1.34	0.75	
1,901 - 2,000.99	874.02 - 919.99	16.31	12.22	2.93	1.44	0.75	
2,001 - 2,100.99	920.00 - 965.97	17.11	12.92	3.03	1.54	0.85	
2,101 - 2,200.99	965.98 - 1,011.94	17.91	13.42	3.23	1.64	0.85	
2,201 - 2,300.99	1,011.95 - 1,057.92	18.81	14.12	3.33	1.64	0.95	↓
2,301 - 2,400.99	1,057.93 - 1,103.90	19.61	14.72	3.53	1.74	0.95	
2,401 - 2,500.99	1,103.91 - 1,149.87	20.41	15.32	3.63	1.84	0.95	
2,501 - 2,600.99	1,149.88 - 1,195.85	21.31	16.02	3.83	1.94	1.05	
2,601 - 2,700.99	1,195.86 - 1,241.83	22.11	16.62	3.93	1.94	1.05	
2,701 - 2,800.99	1,241.84 - 1,287.81	23.01	17.22	4.13	2.04	1.15	
2,801 - 2,900.99	1,287.82 - 1,333.78	23.81	17.82	4.23	2.14	1.15	
2,901 - 3,000.99	1,333.79 - 1,379.76	24.61	18.42	4.43	2.24	1.15	↓
3,001 - 3,100.99	1,379.77 - 1,425.74	25.41	19.02	4.53	2.24	1.25	
3,101 - 3,200.99	1,425.75 - 1,471.71	26.21	19.72	4.73	2.34	1.25	
3,201 - 3,300.99	1,471.72 - 1,517.69	27.11	20.32	4.83	2.44	1.35	
3,301 - 3,400.99	1,517.70 - 1,563.67	27.91	20.92	5.03	2.54	1.35	
3,401 - 3,500.99	1,563.68 - 1,609.64	28.71	21.52	5.13	2.54	1.35	
3,501 - 3,600.99	1,609.65 - 1,655.62	29.51	22.12	5.23	2.64	1.45	
3,601 - 3,700.99	1,655.63 - 1,701.60	30.41	22.72	5.43	2.74	1.45	
3,701 - 3,800.99	1,701.61 - 1,747.58	31.21	23.42	5.53	2.74	1.55	↓
3,801 - 3,900.99	1,747.59 - 1,793.55	32.11	24.02	5.73	2.84	1.55	
3,901 - 4,000.99	1,793.56 - 1,839.53	32.91	24.62	5.83	2.94	1.55	
4,001 and over	1,839.54 and over	33.71	25.32	6.03	3.04	1.65	0

\* Category 3 is a special rate category which permits employees to qualify for employer contribution by accruing 80 hours of sick leave in the previous calendar year. Premium category 3 is also available to part time employees on a prorated basis. For example, those employed on a half time basis only have to accumulate 40 hours (5 days) of sick leave in the prior year instead of the 80 hours (10 days) required for full time employees. This proration applies only to category 3.

# PREMIUM RATES—UNIVERSITY FACULTY ONLY

## EMPLOYEE CONTRIBUTIONS

*It is fairly simple to determine your monthly premium.*

1. Select an elimination period—30, 90, 125 or 180 days—which is the minimum number of consecutive calendar days which must elapse after it is determined your disability begins.

Benefits will not begin until the elimination period has been satisfied or sick leave is exhausted, whichever is longer. Exception: If you also apply for a Wisconsin Retirement System disability annuity, Long-Term Disability Insurance (LTDI) benefit, or duty disability benefit which is approved, and you elect to convert your unpaid sick leave credit to an account for payment of group health insurance premiums, the converted balance is not considered sick leave in determining the date that ICI benefits can begin. For employees who are not entitled to a WRS disability annuity or LTDI benefit, ICI benefits cannot begin until credits for sick leave have been exhausted up to 130 days; however, if an employee still has sick leave hours remaining after using 130 days, the employee may choose between continuing sick leave until part or all of the remaining hours are used or may begin ICI benefits effective the day after the last day of sick pay.

2. Find your monthly premium in the corresponding column opposite your monthly salary range:

- *Salary in effect at the time you become insured, or*
- *Projected annual salary, rounded to the next higher thousand and divided by 12, for U.W. faculty whose initial appointment is for less than 12 months.*
- *Annual premium adjustment effective February 1:  
Based upon last complete payroll period in previous calendar year.*

**OR**

*Annual salary, rounded to the next higher thousand and divided by 12, for appointments of less than 12 months (salary based on earnings as reported to the Wisconsin Retirement System for the previous calendar year).*

*Example:*

*Elimination period.....90 calendar days*  
*Salary .....\$2,850.00 per month*  
*Premium.....\$3.48 per month*

# Premium Rates Employee Contributions\* (University Faculty Only)

MONTHLY SALARY RANGE	ELIMINATION PERIOD (In calendar days)				
	30 Days	90 Days	125 Days	180 Days	STATE SHARE
Up to \$500.99	\$2.07	\$0.58	\$0.39	-0-	\$1.29
501 - 600.99	2.57	0.68	0.49	-0-	1.49
601 - 700.99	2.97	0.78	0.59	-0-	1.79
701 - 800.99	3.47	0.88	0.69	-0-	2.09
801 - 900.99	3.97	1.08	0.79	-0-	2.29
901 - 1,000.99	4.37	1.18	0.89	-0-	2.59
1,001 - 1,100.99	4.77	1.28	0.99	-0-	2.89
1,101 - 1,200.99	5.27	1.38	1.09	-0-	3.09
1,201 - 1,300.99	5.77	1.58	1.19	-0-	3.39
1,301 - 1,400.99	6.17	1.58	1.19	-0-	3.69
1,401 - 1,500.99	6.67	1.78	1.29	-0-	3.89
1,501 - 1,600.99	7.07	1.88	1.39	-0-	4.19
1,601 - 1,700.99	7.57	1.98	1.49	-0-	4.49
1,701 - 1,800.99	8.07	2.18	1.59	-0-	4.69
1,801 - 1,900.99	8.47	2.18	1.69	-0-	4.99
1,901 - 2,000.99	8.97	2.38	1.79	-0-	5.29
2,001 - 2,100.99	9.47	2.48	1.89	-0-	5.59
2,101 - 2,200.99	9.87	2.58	1.89	-0-	5.79
2,201 - 2,300.99	10.37	2.68	1.99	-0-	6.09
2,301 - 2,400.99	10.87	2.88	2.19	-0-	6.29
2,401 - 2,500.99	11.27	2.98	2.19	-0-	6.59
2,501 - 2,600.99	11.77	3.08	2.29	-0-	6.89
2,601 - 2,700.99	12.17	3.18	2.39	-0-	7.19
2,701 - 2,800.99	12.67	3.28	2.49	-0-	7.39
2,801 - 2,900.99	13.17	3.48	2.59	-0-	7.69
2,901 - 3,000.99	13.57	3.58	2.69	-0-	7.89
3,001 - 3,100.99	13.97	3.68	2.69	-0-	8.19
3,101 - 3,200.99	14.47	3.78	2.89	-0-	8.49
3,201 - 3,300.99	14.87	3.88	2.89	-0-	8.79
3,301 - 3,400.99	15.37	3.98	2.99	-0-	8.99
3,401 - 3,500.99	15.77	4.08	3.09	-0-	9.29
3,501 - 3,600.99	16.27	4.28	3.19	-0-	9.49
3,601 - 3,700.99	16.67	4.38	3.29	-0-	9.79
3,701 - 3,800.99	17.17	4.48	3.39	-0-	10.09
3,801 - 3,900.99	17.57	4.58	3.39	-0-	10.39
3,901 - 4,000.99	18.07	4.68	3.59	-0-	10.59
4,001 and over	18.57	4.88	3.69	-0-	10.89

\* Subject to Wis. Statutes, § 40.05 (5) (a), this table applies to U.W. faculty who have one or more years of State creditable service. Employees who have less than one year of State creditable service are required to pay the State share in addition to the employee premium.



## ACCRUAL AND RECORDING OF SICK LEAVE - ALL EMPLOYEES

For most classified service employees, sick leave is accrued and credited on a biweekly basis. University faculty earn sick leave on a monthly basis. The accrual and recording of accumulated sick leave is not a function of the Department of Employee Trust Funds and will be subject to the appropriate statutory or contractual provisions. If your sick leave is accrued on a biweekly basis, then your annual accrual period will be based on amounts credited as of the final period of each calendar year and this amount will be used to determine your premium in February of the following calendar year. You should check with your payroll/personnel representative to determine which pay periods constitute the beginning and ending of the calendar year for determining annual accrual of sick leave.

## HOW TO ENROLL

The ICI plan is available to all eligible state employees. An eligible employee is any person receiving earnings as payment for personal services rendered to or for the benefit of the State of Wisconsin and who is contributing a portion of those earnings to the Wisconsin Retirement System (WRS). Most employees must have six months service under the WRS before becoming eligible for coverage.

### THREE ENROLLMENT OPPORTUNITIES

#### Initial Enrollment Period

When you are initially hired by the State, you may obtain coverage by completing an application form and returning it to your Payroll/Personnel Section within 30 calendar days after serving six months under the Wisconsin Retirement System.

Example:

Date of hire	October 15
Six months service under Wisconsin Retirement System completed	May 1 (of following year)
Application must be returned to your Payroll/ Personnel Section no later than	May 30
Application returned to employer on or prior to May 1, coverage is effective:	May 1
Application returned to employer after May 1, coverage is effective:	June 1
Application returned to employer after May 30, coverage is <b>denied</b> .	

*NOTE: Employees who have previously served and still have credited at least six months under the WRS (with state or local government employers) are immediately eligible and must enroll within 30 days of date of hire. Wis. Statutes § 40.02 (25)(a) 2., provides immediate eligibility for members or employees of the legislature, state constitutional officers, district attorneys, supreme court justices, circuit and court of appeals judges, the chief clerk/sergeant-at-arms of the senate and assembly. Such employees and officials must enroll within 30 days of taking office or appointment.*

Insured employees who transfer employment from one state agency to another must file a new enrollment application with the new agency within 30 days of hire date to prevent coverage from lapsing.

If you do not enroll during the “initial enrollment period,” then you may enroll at a later date by either demonstrating good health through evidence of insurability, or accruing sufficient sick leave to qualify under the deferred coverage.

### **Deferred Coverage**

If you do not enroll when initially eligible, you still have additional opportunities to enter the plan, even if you are considered medically uninsurable. These opportunities occur the first time you become eligible for state contribution, or the first time you become eligible for an increase in state contribution toward premium, under premium category 3, 4, 5 or 6. These opportunities occur by accumulating additional amounts of sick leave. You must complete an application form (ET-2307) and return it to your Payroll/Personnel Section on or before January 30 following the calendar year in which you accumulated the qualifying amount of sick leave. Coverage is effective April 1 of that year.

For UW faculty, the application must be submitted to the employer within 30 days after completing one year of WRS covered State employment. Coverage is effective the first of the month which occurs on or after the date the employer receives the application.

In addition to the above, all employees have an enrollment opportunity at the end of any calendar year in which their accumulated sick leave exceeds 130 days (1040 hours for a full-time employee). The application for coverage must be filed with the employer on or before January 30. Coverage will be effective April 1.

#### **Example: Deferred Coverage Enrollment (All Employees Except UW Faculty)**

Sick Leave	Remarks
544 hours	Balance at end of 1998
616 hours	Balance at end of 1999

The employee failed to enroll when previously eligible. Both the 1998 and 1999 balances meet the category 4 qualification (between 520 hours and 728 hours). Since the 1999 balance did not qualify the employee for a higher premium category than the 1998 balance, enrollment under deferred coverage is not possible at the end of 1999. The employee must wait until the balance at the end of a calendar year is at least 728 hours to enroll under deferred coverage. (The employee may, however, consider enrolling by evidence of insurability.)

Example:      Deferred Coverage Effective Date

UW Faculty:	Submit Application	Insurance Effective
Upon completion of 12 months of state employment.	Within 30 days	First of month after the employer received the application
All other employees:		
Upon accumulation of sufficient sick leave to initially qualify for premium category 3, 4, 5 or 6.	January 1–30	April 1

### Evidence of Insurability

If you do not enroll during the initial enrollment period, and have not accumulated sufficient sick leave to qualify under the deferred coverage concept, then you must prove that you are medically insurable. This is done by completing an *Evidence of Insurability Application* form (ET-2308) and forwarding it directly to the Department of Employee Trust Funds. This form requires you to answer various questions concerning your past and present health status. Your application will be approved or denied based on the information provided by you and your physician(s).

## COVERAGE DURING LEAVE OF ABSENCE

Coverage may be continued for an insured employee while on layoff or an approved leave of absence by paying premiums in advance. Prior to August 24, 1999, the maximum time period allowed was 24 months. Effective August 24, 1999, the maximum time ICI coverage that a new leave of absence can be continued is increased to 36 months, except that an insured employee on union leave, as defined under Wis. Stat. § 40.02 (56), may continue to be insured for the duration of that leave. The employer continues to pay its portion of the premium for the first three months. For the rest of the time period, you must pay the entire premium yourself (employee and employer portions). Payments must be received by your payroll/personnel office prior to the end of coverage so there is no lapse in coverage.

Coverage for an insured employee which lapses while on leave of absence because premiums were not paid on a timely basis, may be reinstated with the same elimination period and without furnishing evidence of insurability if an application is received by the employer within 30 days of resuming active employment. Coverage will be effective the beginning of the month that occurs on or after the application is received by the employer. Premium shall resume in the same amount as before unless there has been an annual premium or salary adjustment in the interim.

## TERMINATION OF COVERAGE

ICI coverage terminates on the date the employee resigns, is dismissed, terminates, retires, turns age 70, or dies, whichever occurs first. If coverage ends, a full month's premium is due for any month or portion of a month for which earnings are paid.

If an employee is disabled under the terms of the plan at the time coverage terminates, the employee will continue to be eligible to receive benefits as long as disability continues, up to the maximum duration of benefits as explained later in this booklet under *Reduction or Termination of Benefits*.

## DISABILITY DEFINITIONS

The elimination period cannot begin before the first day of treatment by your physician on or after your last day worked. For this reason, you should see your physician immediately after stopping work due to disability. The earliest date of disability may be the day after your last day worked.

While you are not excluded from receiving benefits for a preexisting condition, you must be insured at the time the total disability begins in order to qualify for benefits.

You must remain completely off work and must be totally disabled from your own occupation because of a physical or mental impairment for a minimum of 30 calendar days for most state employees or the selected elimination period for University faculty. Except as explained below, ICI benefits cannot be paid for days for which you would be entitled to receive sick leave pay. Employees whose compensation plan or contract provides for converting unused sick leave to pay group health insurance premiums **and** who are approved for a Wisconsin Retirement System (WRS) disability, Long-Term Disability Insurance (LTDI) benefit or duty disability benefit can either use sick leave until exhausted or convert it to credits to pay health insurance premiums. If the sick leave is converted, you will become eligible for ICI benefits after the last day you use sick leave or satisfy the elimination period, whichever is longer. If you are not entitled to a WRS disability, LTDI or duty disability, you will become eligible for ICI benefits after exhausting your accumulated sick leave, or after the elimination period, whichever is later. You are not required to use more than 1040 hours (for a full-time employee) of sick leave.

To qualify for ICI benefits, you must be completely off work during the entire 30 calendar days or the selected elimination period. If you work at any time during this period, and subsequently become disabled again, you will have to serve the entire elimination period again.

Totally disabled means, for purposes of ICI:

*During the first 12 months of disability (short term disability), the employee's inability by reason of any medically determinable physical or mental impairment, as supported by objective medical evidence, to perform his or her occupation.*

*After the first 12 months (long term disability), the employee's complete inability by reason of any medically determinable physical or mental impairment, as supported by objective medical evidence, to engage in any substantial gainful activity for which the employee is reasonably qualified, with due regard to the employee's education, training, and experience. An activity is considered a substantial gainful activity if the earnings from that activity would be at least equal to the gross ICI benefit for the same period of time, excluding the \$75.00 per month supplement payable to the long term disability recipient.*

Objective medical evidence means test results such as blood tests, MRI, CAT scan, X-rays, etc. and physician's notes of regular visits recording the physician's observations of disabling symptoms and conditions. The physician's opinion may rely in part on records of care provided by other medical professionals under the supervision of a physician, including but not limited to nurse practitioners, physician's assistants, midwives, psychologists and psychotherapists (MMSW).

## REGULAR CARE AND ATTENDANCE

You must be under the regular care and attendance of a licensed medical doctor, doctor of osteopath, or surgeon licensed to practice by a state within the United States of America. A licensed physician does not include the employee. However, a physician does include other licensed medical professionals, such as a podiatrist, dentist, nurse practitioner, physician's assistant or psychologist who is acting within the lawful scope of his or her license and performs a service which is supervised by a licensed medical doctor, doctor of osteopath or surgeon (note that this last provision is not required for a D.P.M. or D.D.S.).

Regular care and attendance means a planned program of observation and treatment requiring the personal attendance of the employee by a physician, which once initiated, is continued in accordance with existing standards of medical practice for the condition or conditions rendering the employee sick or injured.

## ELIMINATION PERIOD

An insured employee qualifies for ICI benefits on the day after which she or he has not worked and has been continuously and totally disabled for 30 calendar days, or in the case of UW Faculty, for the selected elimination period. No benefit payments can be made while earnings are still payable for accumulated sick leave hours. **The first day of the elimination period will be no earlier than the day after the last day worked, or if the employee did not see a physician on the last day worked, no earlier than the first date of treatment after the last day worked.** In no event can the elimination period begin until the employee is completely off work and satisfies the definition of total disability.

The elimination period for benefits for an employee who continues to pay ICI premiums and is on an authorized leave of absence shall be the same period the employee would have been required to serve if the employee would have been in pay status at the time disability began.

The elimination period and/or the use of sick leave will begin at the effective date of the disability and will continue without a break even if the employee is on a summer, seasonal or semester break from work.

Benefits will not begin until the minimum 30 calendar day elimination period has been satisfied or sick leave is exhausted, whichever is longer. If you apply for a Wisconsin Retirement System disability annuity, Long-Term Disability Insurance (LTDI) benefit, or duty disability benefit which is approved, and you elect to convert your unpaid sick leave credit to an account for payment of group health insurance premiums, the converted balance is not considered sick leave in determining the date that ICI benefits can begin. For employees who are not entitled to a WRS disability annuity or LTDI benefit, ICI benefits cannot begin until credits for sick leave have been exhausted up to 1,040 hours. If an employee still has sick leave hours remaining after using 1,040 hours, the employee may choose between continuing sick leave until part or all of the remaining hours are used or may begin ICI benefits effective the day after the last day of sick pay.

## BENEFIT PAYMENTS

Vacation, personal holidays and compensatory time are not considered in determining when benefits begin. Subject to personnel policies and rules, you may use such time at your discre-

tion. However, your accumulated sick leave credits at the time disability begins, plus sick leave earned while on paid leave, must be considered in determining the beginning date of ICI benefits. (See *Disability Definitions*.) When you have served your elimination period and your sick leave credits are exhausted, ICI benefits are paid for every calendar day of continuing disability.

*Note: Paid legal holidays will extend the exhaustion of your sick leave.*

For most employees, the amount of ICI benefit payable is based upon your basic salary for your appointment during the last complete payroll period prior to the date disability begins. Benefits will be paid at 75% of gross basic salary, excluding overtime or hours worked in excess of your appointment. The maximum benefit payable is \$1,866.54 biweekly or \$4,000.00 per month. However, for disabilities lasting longer than 12 months, \$75 per month is added to the normal benefit amount. This is a one-time increase only.

During the first 12 months of disability benefits, the same pay date schedule used for state employees' salaries will be used for paying disability benefits. If an employee is paid biweekly, the ICI benefit will be paid biweekly during the first year of benefits. Any fraction of a pay period will be paid at the rate of 1/14<sup>th</sup> of the biweekly benefit for each calendar day.

If benefit payments continue beyond 12 months, then payments are made monthly at the beginning of the month for the previous benefit month (i.e. January benefits are paid February 1). Any fraction of a month is paid at the rate of 1/30<sup>th</sup> of the monthly benefit for each calendar day. This includes those working part time hours who have gone beyond 12 months.

Disability benefit payments will be denied, suspended or terminated if information necessary to determine if benefits are payable is not received within 90 days of the date of the initial request.

Disability benefit payments will be terminated if medical evidence shows that the employee is capable of performing the essential duties of his or her own occupation. If the employee had a medical condition while employed which was accommodated by the employer, and that condition has not significantly changed, that condition is not considered in determining whether the employee is capable of returning to his or her own occupation.

Checks are mailed through the U.S. Postal Service two calendar days prior to the check date. While most checks arrive on the check date, there may be delays in the mail process which cannot be controlled by the Department or claims administrator.

## **LIMITATIONS**

Benefit payments are not available for total disability which begins prior to the effective date of coverage or disability which is:

- The direct result of war, declared or undeclared. The fact of war shall be determined by the Group Insurance Board.
- The direct or indirect result of intentional self-inflicted injury for monetary gain.
- The direct or indirect result of participation in the commission of a crime other than a misdemeanor.
- The direct or indirect result from cosmetic surgery, except for complications thereof.



A condition which is present but not disabling prior to the effective date of coverage is not excluded from benefits.

## **WAIVER OF PREMIUM**

ICI premiums are waived effective the first of the month following the date ICI benefits begin. (Exception: If benefits begin on the first day of a month, the premium waiver begins on the same day.) The waiver of premium remains in effect for as long as you continue to receive benefits. If benefits are terminated because you return to full time employment with a state employer, premium payments will resume. If you choose to remain on a leave of absence after your disability ceases and have not terminated employment, you must immediately make arrangements for payment of premium through your employer. Otherwise, coverage will terminate and can be reinstated only after you return to work and reapply for coverage.

## **RETURN TO WORK**

A claimant may return to work with their prior (WRS) employer given physician's release to return to work and the employer's ability to accommodate any restrictions imposed. Earnings (including vacation and holidays) paid to a claimant who return to work less than full time will be offset at 75%. Sick leave earned will be offset at 100%.

You will be required to provide objective medical evidence on a quarterly basis to continue to substantiate disability. If you are released to return to work and your employer can accommodate your restrictions, if any, and you do not return, benefits will be reduced by your estimated earnings or terminated.

## **REHABILITATIVE TRAINING**

Rehabilitative training may be approved if, because of disability, you can no longer perform your previous occupation but with proper training and education could be capable of performing other gainful activities. A gainful activity is one which would provide an income equal to or greater than the gross ICI benefit, excluding the \$75.00 per month supplement, payable to long term disability recipients. Expenses, such as tuition or text books associated with an approved rehabilitation program may be paid by the ICI program in addition to regular benefits if rehabilitation expenses are not payable from other sources. Rehabilitation may include higher education, vocational training, job counseling, on-the-job training, or retraining. All rehabilitative plans must be in writing and include specific goals and dates for meeting those goals which are agreed to by the claimant and approved in advance by the Department of Employee Trust Funds.

As an incentive to return to work, only 75% of earnings from approved rehabilitative employment may apply to the reduction of your ICI benefits. Earnings from non-approved rehabilitative employment will reduce your Income Continuation Insurance benefit amount dollar-for-dollar (100%).

Biweekly ICI Benefit		\$750.00
Less: Rehabilitative Earnings	\$500.00	
Offset Reduced to 75%	x 75%	375.00
Net Biweekly Income Continuation Insurance Benefit		\$375.00
Plus Rehabilitative Earnings		\$500.00
Total Monthly Income		\$875.00

In certain approved programs, all or part of rehabilitative earnings may be authorized without any reduction in the ICI benefit up to a limit of nine months. The Department of Employee Trust Funds will apply the following guidelines in determining whether the waiver is appropriate:

- The claims administrator and/or the Department of Employee Trust Funds will review the claimant's job related expenses that are incurred due to the claimant's medical condition, which are over and above the normal expenses, and are not covered by other sources. The claimant must receive prior approval from the Department before waiving the offset of earnings because of the claimant's medical condition.
- The claims administrator or the Department of Employee Trust Funds will only consider expenses directly related to accommodating a claimant's needs in getting to work and/or having an appropriate work station. Such items as child care, gasoline, bus fare, etc., will not be considered covered job related expenses. Such expenses must be thoroughly documented.
- The ICI plan will require appropriate documentation (receipts, tax returns, etc.) to support all expenses claimed. Any expenses for a caregiver will be considered only if the care is provided by a properly trained caregiver and approved in advance by the Department of Employee Trust Funds.

*If a claimant is determined to be physically and mentally capable of rehabilitative training but refuses to participate in such a program or does not work the number of hours indicated by the physician, benefits may be terminated or suspended or the Department may authorize the offset (reduction) of benefits by the amount of earnings that could have been received if engaged in rehabilitative employment.*

## **REASONABLE ACCOMMODATIONS UPON RETURN TO WORK**

Under the Americans with Disabilities Act, federal law requires employers to make reasonable accommodations for individuals with disabilities who are qualified to perform the essential functions of a job. Check with your employer, prospective employer, or union, for information on "reasonable accommodations." ICI benefits will not be paid if a claimant does not or no longer meets the definition of disability, but an employer refuses or is unable to make reasonable accommodations for work.

## **TAXABLE BENEFITS**

As the percentage of the total premium paid by the State as a fringe benefit increases, there is a corresponding increase in the percentage of benefits which is considered taxable income to the employee. The taxable portion is based on an average of the premium percentage paid by the employer over the three years prior to the year in which ICI benefits are first paid. However, there have been many recent changes in the tax laws and the interpretation of the revenue code. You should consult both State and Federal tax authorities for answers to any specific questions which you may have concerning the exclusion or inclusion of such benefit payments as taxable income.

The following is an aid for the tax authorities in determining the extent of State contribution toward premium for the ICI plan:



Classified employees: ICI Premium Category	Approximate Percent of Gross Premium Paid by the State in a Single Year
1	0%
2	0%
3	67%
4	77%
5	85%
6	100%

  

UW Faculty Only: Selected Elimination Period	Percent of Gross Premium Paid by the State*
30-day plan	37%
90-day plan	69%
125-day plan	75%
180-day plan	100%

\*For faculty with one year or more of state service.

The claims administrator will automatically withhold Federal income tax from the taxable portion of a benefit at the rate of 28%. If you wish to change the amount of Federal tax withheld, you may submit Form W-4S, which is available from the IRS, to the claims administrator.

Wisconsin State income tax will only be withheld from a taxable ICI benefit if you submit the Wisconsin withholding exemption form WT-4. It is available from the Wisconsin State Department of Revenue.

FICA Social Security regulations provide that any income received from a sickness or disability plan during the first six months of a disability is subject to withholding for Social Security contributions if the employer has paid a portion of the premiums. The percent of the benefit subject to Social Security contributions equals the percent of the gross premium paid by the State. Any ICI benefits you receive during the first six months of disability will reflect this deduction for FICA Social Security contributions.

## HOW AND WHEN TO FILE A CLAIM

You may initiate a claim by calling the claims administrator or by completing an ICI claim form (ET-5352) and submitting it directly to the Department.

A claim must be filed no later than one month after the date total disability begins, or as soon thereafter as is reasonably possible, but **in no event will a claim be accepted if received more than 12 months from the claimed disability begin date** as determined by the claims administrator. In addition, **no benefits are payable more than 90 days retroactively from the date the claim is called in or received by the Department of Employee Trust Funds (ETF)**. Upon filing or receipt of your claim, the claims administrator will send you an introductory packet including a medical release form and claims processing information. Please sign and return the medical release promptly to the claims administrator.

Your physician will be contacted directly by the claims administrator.

After filing your claim the claims administrator will send your employer an *Income Continuation Insurance (ICI) Employer Statement* (ET-5351).

You:

- Estimate, with advice from your attending physician, whether the disability will continue beyond the minimum elimination period of 30 calendar days, or your selected elimination period.
- File your claim.
- Complete and return the medical release form.
- Ensure the claims administrator receives all your medical information.

Your Physician (M.D. or D.O.):

- Provides medical information concerning your disability to the claims administrator. Your physician will periodically be asked by the claims administrator to complete supplemental medical forms (called *attending physicians statement* - APS and FCE).

Your Employer:

- Completes the *Income Continuation Insurance (ICI) Employer Statement* (ET-5351) which they will receive directly from the claims administrator.
- Returns the employer statement directly to ETF. ETF will transmit the employer statement to the claims administrator for processing.

## **REDUCTION OR TERMINATION OF BENEFITS**

Benefits are reduced or terminated for the following reasons:

### **Return to Full Time Employment**

Benefits are payable up to the day prior to the date of return, or up to the date the medical evidence indicates you are capable of returning to work full time. Except for claimants participating under approved rehabilitation programs, a return to **full time** employment will mean the ability to perform your normal work schedule for 14 consecutive calendar days if you have been disabled less than 12 months, or for 6 months if you have been disabled more than 12 months.

### **Return to Part Time Employment**

Benefits will continue on a reduced basis if return to part time employment is approved as rehabilitative training. Please see the sections on *Return To Work and Rehabilitation Training* for further details. If you return to work for an employer who does not participate in the WRS, it is your responsibility to provide the ICI plan with full documentation of your earnings.

### **Estimated Part Time Wages**

If the medical evidence indicates you are capable of working part time, but you do not return to work, the ICI benefit will be reduced by an estimated earnings offset. The estimated offset will be based on the number of hours you are capable of working multiplied by your hourly rate of pay at the time you first became disabled.

### **Termination of Disability**

When the objective medical evidence no longer substantiates continued disability, or you are determined to be no longer disabled from your occupation by your own physician or through an independent medical exam, or you are released from direct care, or you are told you are able to return to work by a physician, benefits are payable only up to the date of such release even though you do not return to work immediately for personal or other reasons.

## Death

Benefits are only payable through the date of death. There are no survivor benefits.

## Maximum Duration of Benefits

Benefits are payable only through the end of the month in which you turn age 65. However, the length of time benefits are payable will depend on your age at the time you become disabled. The maximum duration of benefits for disabled insured employees is the end of the month in which the following occurs:

Age at Disablement	Maximum Time Benefits are Paid
61 or younger	To age 65
62	3.50 years
63	3.00 years
64	2.50 years
65	2.00 years
66	1.75 years
67	1.50 years
68	1.25 years
69	To age 70

In no event are benefits payable beyond the end of the month in which you turn age 70.

## Nonduplication Provision

Benefits are reduced by the gross amount of disability, retirement, separation, or other income replacement benefits which are paid or payable from other State, Federal or employer sponsored sources. You must apply for any other benefits which you might be eligible to receive and complete the process to the final process. ICI benefits will be reduced by the largest benefit you could receive from another source, even though you might choose an option that pays a reduced benefit. When you complete an application for ICI benefits you are assigning your right to benefits you could receive from other sources. Other benefit sources include, but are not limited to:

- Social Security (regular or disability)
- Worker's Compensation
- Wisconsin Retirement System (WRS) (retirement, disability retirement, LTDI or separation), including lump sums
- Long-Term Disability Insurance (LTDI)
- Unemployment Compensation

## Disabilities Lasting More Than 12 Months

NOTE: You will be required to repay any benefits received or are eligible for which cover the same time period as your ICI benefits. If you receive other benefits, it is prudent not to spend them until the ICI amount to be repaid is provided to you by the claims administrator.

Benefits will terminate after you have been disabled for a period of 12 months if you are then capable of performing other substantial gainful work activities. This does not mean you have to return to your previous job/employer. See *Disability Definitions* and *Rehabilitative Training* for further information.

## **Failure to Comply**

Benefits may be suspended or terminated if you fail to furnish required information within 90 days of the date of the initial request or if you do not otherwise cooperate in meeting the plan requirements. (Examples: refusal to participate in an approved rehabilitation program; or, in the event there is a question concerning the extent of your disability, refusing to be examined by a physician selected by the claims administrator.)

## **INCOME REPORTING REQUIREMENTS**

An employee who is applying for or receiving ICI disability benefits is responsible for reporting to the ICI program the starting date(s) and starting amount(s) of payment received from any source, including but not limited to:

- Social Security
- Worker's Compensation (including benefits payable under Wis. Statutes § 40.65, § 230.36 or § 66.191)
- Unemployment Compensation
- Part time or full time employment, including self-employment or cash payments
- Rehabilitation training or trial work
- Wisconsin Retirement System (disability, regular retirement, or lump sum separation benefit)
- Long-Term Disability Insurance (LTDI)
- Employer liability law award
- Occupational disease law award
- Other salary continuation program sponsored by your employer including any plan whose premiums are paid or collected via payroll deduction

## **ANNUAL STATEMENT OF EARNINGS**

You will be required to complete and return to the Department the *Annual Statement of Earnings* which is normally sent out by the claims administrator March 15. You are to report all earnings, except for your ICI or WRS disability payments, for the prior calendar year. These statements are due April 30. Failure to comply will result in suspension and subsequent termination of your ICI benefits.

## **WAIVER OF OFFSET FOR ATTORNEY OR SOCIAL SECURITY ADVOCATE**

When Social Security benefits have been initially denied, you are required to pursue the appeal through the hearing level. The ICI program may provide a Social Security advocate or facilitator to assist you in the appeal process. You are required to cooperate with the Social Security advocate or facilitator to avoid suspension or termination of your ICI benefits.

The ICI programs does not require you to obtain an attorney to assist you in obtaining Social Security benefits. However, if you do decide to obtain an attorney and you win your appeal, the ICI program will not consider the attorney fees as a reduction to the ICI benefit if the SSA approves and pays the attorney fees up to \$4,000. Documentation must be provided to the ICI plan.

## **ADMINISTRATIVE REVIEW PROCESS**

If you do not agree with a decision or determination made by the claims administrator, you have the right to request, in writing, that the claims administrator reconsider the determination. The claims administrator must receive your request for reconsideration within 90 days of the date of the determination letter. With the reconsideration request you must specifically state how you believe the administrator erred in interpreting the plan provisions. Provide the administrator with any and all documentation including medical records relevant to the claimed disability and your position regarding the determination.

The claims administrator may require you to participate in an independent medical exam, functional capacity evaluation, vocational assessment, etc. You must participate in these reviews. Cost of the reviews will be borne by the ICI plan. Travel and other cost will be your responsibility. After reviewing all of the new and original information, the administrator will send you a letter which contains the reconsidered decision. If you do not agree with the decision at the reconsideration level of the appeal process, you have the right to request a Departmental Determination from the Department of Employee Trust Funds. Your written request must be received by the Department of Employee Trust Funds within 90 days of the date of the reconsideration letter.

If you request a Departmental Determination, Employee Trust Funds will request a complete copy of your file from the claims administrator to determine whether the administrator erred in its decision. The Department does not make independent medical evaluations, but relies upon the medical records/notes and the review performed by the medical consultants in order to make a determination.

If you do not agree with the Departmental Determination, and you wish to pursue the matter further, you may request an appeal to the Group Insurance Board. You must request the appeal in writing. The written appeal request must be received by the Appeals Coordinator within 90 days of the date of the notice. The Appeals Coordinator will provide you with a booklet covering the appeals process and timeframes.

## **BOOKLETS AND FORMS**

Booklets and forms are periodically revised. Please contact your employer or the Department of Employee Trust Funds to determine if an updated version of the form or booklet you are interested in is available.

**ALWAYS INCLUDE YOUR NAME, SOCIAL SECURITY NUMBER, AND  
DATE OF BIRTH ON ALL CORRESPONDENCE TO THIS  
DEPARTMENT**

*Every effort has been made to ensure that the information in this booklet is accurate. If the information in this booklet should conflict with the law, contract or plan language, the law, contract or plan language must be followed. You may obtain a copy of the plan by writing to:*

Department of Employee Trust Funds  
PO Box 7931  
Madison, WI 53707-7931

## Contacting the Department of Employee Trust Funds

### Self-Service Toll-Free Telephone Services

Available 24 hours a day, seven days a week. You must have a touch-tone telephone to use these systems.

**SELF-SERVICE LINE:** Call 1-877-383-1888 or (608) 266-2323 (local Madison) to request forms and brochures. Wisconsin Retirement System annuitants may also change their home mailing address or tax withholding election through this self-service line.

**TELEPHONE MESSAGE CENTER:** Call 1-800-991-5540 or (608) 264-6633 (local Madison) to hear detailed recorded messages covering a variety of Wisconsin Retirement System topics.

**Note:** *You will not be able to talk to a "live" person using these systems. To speak to a benefits specialist, call the telephone numbers listed below.*

### To Visit our Internet Site

Access the Internet site at [etf.wi.gov](http://etf.wi.gov). A tremendous amount of information is on-line regarding the Wisconsin Retirement System and other benefit programs. You may e-mail the Department through this site.

### To Call During Office Hours

**Office Hours:** 7:45 am to 4:30 pm, Monday through Friday  
(except holidays)

**Toll Free:** 1-877-533-5020

**Madison:** (608) 266-3285  
To make an appointment: (608) 266-5717  
TTY (Teletypewriter for hearing & speech impaired):  
(608) 267-0676

**Milwaukee:** To make an appointment: (414) 227-4294

### To Write Us

Department of Employee Trust Funds  
P.O. Box 7931  
Madison, WI 53707-7931

### To Visit Us (An appointment is recommended)

**Madison:** 801 West Badger Road

**Milwaukee:** 819 North Sixth Street, Room 550